



QUEENSLAND
TREASURY
CORPORATION

FUNDING UPDATE

AS AT 30 JUNE 2020



QTC is the Queensland Government's central financing authority and corporate treasury services provider. QTC borrows funds in the domestic and international financial markets by issuing a variety of debt instruments and is the largest Australian semi-government issuer of Australian dollar denominated bonds.

Not for general distribution or release in the United States. May only be distributed in the United States to Qualified Institutional Buyers in accordance with Rule 144A.



A message from the Chief Executive

As COVID-19 continues to affect people, economies and markets across the world, I wanted to thank you for your continued support.

QTC is committed to our investor relationships both onshore and offshore and this year is no exception. The relationship we have with our investors and our fixed income dealer group is greatly valued and we are always available if you have any feedback or questions at any time.

Philip Noble
CHIEF EXECUTIVE

Borrowing program update

2019–20 term debt issuance

2019–20 Indicative term debt borrowing program



Total gross term debt issued



Figures are for the period from the release of the 2019–20 borrowing program (11 June 2019) to 30 June 2020.

- QTC completed its indicative 2019–20 borrowing program on 19 February.
- To further strengthen its funding position for potential budget impacts of COVID-19, QTC raised an additional ~AUD10.6 billion, taking its total gross term debt issuance to ~AUD20.5 billion as at 30 June 2020.
- QTC bought back and cancelled ~AUD1.3 billion of QTC benchmark and non-benchmark bonds during the year. This resulted in net term debt issuance of ~AUD19.2 billion.
- The Queensland Government will publish its COVID-19 Fiscal and Economic Review (C19-FER) in September 2020. The C19-FER will report the impacts of COVID-19 on the 2019–20 financial year and will revise the forecasts for 2020–21 and the forward estimates.
- Following the C19-FER, QTC will announce its indicative 2020–21 borrowing program.

2019–20 funding highlights

- Completed **AUD9.9 billion** indicative term debt borrowing program in February 2020
- Issued a gross total of ~**AUD20.5 billion** in term debt including six new bond lines:
 - **AUD3.05 billion** of a 2031 benchmark bond
 - **AUD1.25 billion** of a 2034 benchmark bond
 - **AUD903 million** of a 2040 non-benchmark bond
 - **AUD1.167 billion** of a 2041 non-benchmark bond
 - **AUD2.30 billion** of a 2024 floating rate note
 - **EUR55 million** of a EUR 2050 medium term note
- Bought back and cancelled **AUD1.328 billion** of benchmark and non-benchmark bonds:
 - AUD772 million of 2021 benchmark bonds
 - AUD425 million of 2022 benchmark bonds
 - AUD131 million of 2030 linker bonds
- Turnover of approximately **AUD116 billion** of QTC bonds in the secondary market*

Figures are for the period from the release of the 2019–20 borrowing program (11 June 2019) to 30 June 2020.

**Turnover for period 1 April 2019 to 31 March 2020.*

2020–21 funding strategy

QTC's 2020–21 funding strategy is likely to include the following, subject to market conditions and client funding requirements:

- Issuance of QTC's AUD benchmark bonds as the principal source of funding.
- Potential issuance of new longer dated AUD benchmark bond maturities.
- Issuance of term debt instruments to complement AUD benchmark bond issues. This may include issuance of green bonds, ultra-long bond maturities, floating rate notes and non-AUD denominated bonds.
- Maintaining a minimum of approximately AUD5 billion of short-term debt outstandings.

COVID-19 stimulus measures

Queensland's strong health response to COVID-19 means it is well positioned to deal with the pandemic.

Overall the Queensland Government has now committed more than AUD7 billion worth of COVID-19 support initiatives, including measures for impacted businesses, workers, households, communities and the health sector. These include:

- AUD1.2 billion to expand health services.
- AUD1 billion Jobs Support Loan facility, interest free for the first 12 months, to support businesses.
- AUD1 billion Industry Support Package focused on large and regionally significant businesses.
- Up to AUD950 million in payroll tax relief.

- AUD500 million to assist workers and businesses who lose their job or income, including a Jobs Finder portal.
- AUD500 million in utilities bill relief for households and businesses, including a AUD200 credit for all 2.1 million Queensland homes.
- AUD400 million for an accelerated works program for new road, bridge and pavement sealing.
- AUD400 million in support for retail and commercial tenants, delivered as land tax relief and payment deferrals.
- A further AUD200 million in 2020-21 for a Works for Queensland program.

Visit <https://www.covid19.qld.gov.au/government-actions/our-economic-recovery-strategy> for more information.

Deal spotlight – July 2034 benchmark bond

A new July 2034 benchmark deal was launched on 25 February 2020:

- AUD1.25 billion, 1.75% 20 July 2034 benchmark bond with 144A capability, issued 26 February 2020.
- Despite high volatility from evolving COVID-19 news, quality of investor support enabled this new liquid line.
- Well-oversubscribed with an order book of more than AUD2.7 billion.
- Strong participation from asset managers, insurance companies, bank balance sheets and official institutions making up 88% of the final allocation.
- High offshore participation (25%), notably from the US due to 144A capability.

QTC Green Bonds

QTC's Green Bond program supports the Queensland Government's transition to a low carbon, climate resilient and environmentally sustainable economy.

- QTC is a large, active issuer in Australian dollar green bonds.
- It has AUD2.48 billion Climate Bonds Initiative (CBI) certified green bonds on issue with a verified project pool of ~AUD6.3 billion*, to support future issuance.
- The program launched in 2017, with an award-winning deal. In 2019 QTC achieved programmatic certification from the Climate Bonds Initiative (CBI) ahead of its successful second Green Bond issuance.
- QTC was the first Semi-Government issuer to tap a green bond line—using programmatic certification to enhance the liquidity and flexibility for investors.

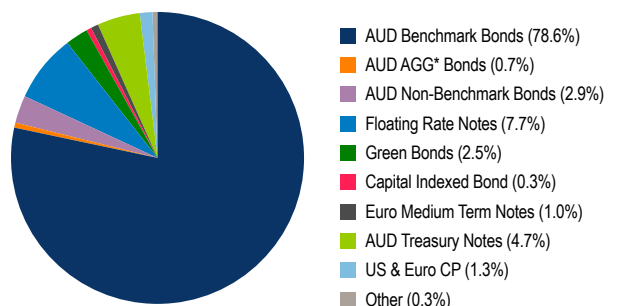
See QTC's 2020 Green Bond Annual Report at www.qtc.qld.gov.au

*As at 31 December 2019

Access to funding

Diverse funding facilities

Over the year, QTC maintained its diversified global focus to meet its funding requirements. As at 30 June 2020 QTC had AUD99.5 billion of debt outstanding.



* AGG—Australian Government Guaranteed.

A diverse investor base

Maintaining a diverse investor base remains important to QTC. Approximately 25% of Australian semi-issuance is held offshore[†].

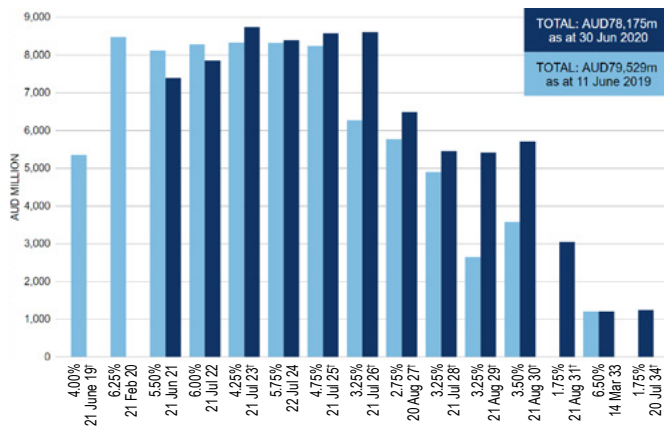


[†] Australian Bureau of Statistics. As at 30 March 2020.

Outstandings by maturity

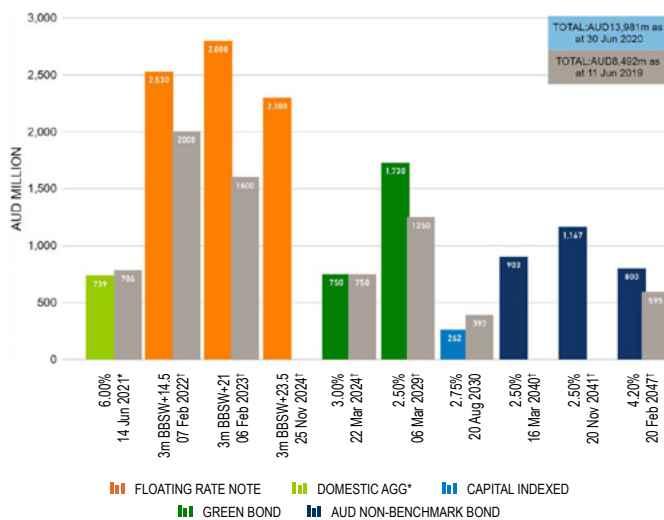
- 13 liquid benchmark lines
- 9 lines with 144A capability

AUD benchmark bonds



† 144A capability
QTC trades in its own securities in the open market. Such securities may be held, resold or cancelled at QTC's discretion.

AUD non-benchmark bonds



† 144A capability
QTC trades in its own securities in the open market. Such securities may be held, resold or cancelled at QTC's discretion.
* AGG: Australian Government Guaranteed.
The 2.75% 20 Aug 2030 outstandings do not include indexation of AUD103.2 million.

Credit ratings

	Long-Term	Short-Term	Outlook
Local and foreign currency			
Moody's	Aa1	P-1	Stable
S&P Global	AA+	A-1+	Stable
Fitch	AA	F1+	Stable

Government guaranteed

All debt issued by QTC is explicitly guaranteed by the Queensland State Government.

Fixed Income Distribution Group

QTC's Fixed Income Distribution Group is made up of 12 banks, who are committed to providing investors with two-way pricing in the secondary market, as well as supporting primary issuance activity.



RBC Capital Markets®



qtc.qld.gov.au
BLOOMBERG TICKER: QTC

LEGAL NOTICE

The information presented in this document is distributed by Queensland Treasury Corporation (QTC) as an information source only. QTC expressly excludes any warranties concerning the currency, accuracy, completeness, availability or suitability of the content of this document. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This document (i) does not constitute an offer to sell or the solicitation of an offer to buy any securities, (ii) may not be sent or disseminated in, directly or indirectly, any jurisdiction in which it is unlawful to so send or disseminate, and (iii) may not be sent or given to any person to whom it is unlawful to be so given. In particular, securities may not be offered or sold in the United States or to 'U.S. Persons' (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) without registration under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and any other applicable U.S. state securities laws. You accept the sole responsibility and risk associated with any use of the content of this document, irrespective of the purpose to which such content is applied. To the extent permitted by law, QTC disclaims all responsibility and liability (including without limitation, liability in negligence) for any expense, damage, loss or costs which you may incur as a result of use of or reliance on the content of this document. In no circumstances shall QTC be liable for any special, consequential or indirect loss or damage arising from your use of or reliance on the content of this document, even if QTC is aware of the possibility of such loss. This document may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the document.